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October 8, 2004

Mary L. Cottrell, Secretary
Department of Telecommunication and Energy
One South Station, 2nd Floor
Boston, MA 02202

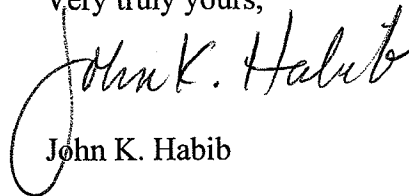
Re: Boston Edison Company, D.T.E. 04-68

Dear Secretary Cottrell:

Enclosed please find the response of Boston Edison Company d/b/a NSTAR Electric ("Boston Edison") to discovery questions asked by the Department of Telecommunications and Energy in the above-referenced proceeding, as listed on the following Discovery Log. Please note that the attachments that are responsive to these questions are confidential and are being filed under separate cover with the Attorney General and the Hearing Officer only.

Thank you for your attention to this matter.

Very truly yours,



John K. Habib

Enclosures

cc: Service List
Joan Foster Evans, Hearing Officer (2)
Colleen McConnell, Assistant Attorney General (2)

LOG OF RESPONSES FILED

D.T.E. 04-68

October 8, 2004

Response	Status	Attachments
DTE-1-1	Filed October 4, 2004	Exhibits BEC-GOL-2 through 8 on CONFIDENTIAL CD-ROM
DTE-1-2	Filed October 4, 2004	
DTE-1-3	Filed October 5, 2004	Attachments DTE-1-3 (a) through (c), each CONFIDENTIAL . Attachment DTE-1-3 (d) BULK CONFIDENTIAL CD-ROM
DTE-1-4	Filed October 4, 2004	
DTE-1-5	Filed October 1, 2004	
DTE-1-6	Filed October 4, 2004	Attachment DTE-1-6 CONFIDENTIAL CD-ROM
DTE-1-7	Filed October 4, 2004	Attachment DTE-1-7 CONFIDENTIAL
DTE-1-8	Filed October 1, 2004	
DTE-1-9	Filed Sept. 28	
DTE-1-10	Filed October 1, 2004	Attachment DTE-1-10
DTE-1-11	Filed October 4, 2004	Attachment DTE-11 CONFIDENTIAL CD-ROM
DTE-1-12	Filed October 1, 2004	
DTE-1-13	Filed October 1, 2004	
DTE-1-14	Filed October 4, 2004	
DTE-1-15	Filed Sept. 28	
DTE-1-16	Filed Sept. 28	
DTE-1-17	Filed Sept. 28	
DTE-1-18	Filed Sept. 28	
DTE-1-19	Filed Sept. 28	
DTE-2-1	Filed October 7	
DTE-2-2	Filed Herewith	
DTE-2-3	Filed October 7	
DTE-2-4	Filed Herewith	Attachment DTE-2-4 CONFIDENTIAL
DTE-2-5	Filed Herewith	
DTE-2-6	Filed Herewith	Attachment DTE-2-6 (a) Attachment DTE-2-6 (b) CONFIDENTIAL CD-ROM
DTE-2-7	Filed October 7	
DTE-2-7 (REVISED)	Filed Herewith	
DTE-2-8	Filed October 7	
DTE-2-9	Filed October 7	
DTE-2-10	Filed October 7	
DTE-2-11	Filed Herewith	
DTE-2-12	Filed October 7	

Response	Status	Attachments
DTE-2-13	Filed October 7	Attachment DTE-2-13 CONFIDENTIAL CD-ROM
DTE-2-14	Filed October 7 CONFIDENTIAL	
DTE-2-15	Filed October 7	
DTE-2-16	Filed October 7	
DTE-2-17	Filed Herewith	
DTE-2-18	Filed Herewith	
DTE-2-19	Filed October 7	
DTE-2-20	Filed October 7	
DTE-2-21	Filed October 7	
DTE-2-22	Filed October 7	
DTE-2-23	Filed Herewith	
DTE-2-24	Filed Herewith	
DTE-2-25	Filed Herewith	
DTE-2-26	Filed October 7	Attachment DTE 2-26 CONFIDENTIAL
DTE-2-27	Filed October 7	
DTE-2-28	Filed Herewith	
DTE-2-29	Filed Herewith	
DTE-2-30	Filed Herewith	
AG-1-1	Filed October 1, 2004	Attachments AG-1-1(A) through (Q) BULK
AG-1-2	Filed Sept. 28	Attachments AG-1-2 (a) through (g) each CONFIDENTIAL
AG-1-3	Filed Sept. 28	Attachments AG-1-3(a) and (b), each CONFIDENTIAL
AG-1-4	Filed Sept. 28	Attachment AG-1-4
AG-1-5	Filed October 4, 2004	Attachments AG-1-5 (a) through (d), each CONFIDENTIAL Attachment AG-1-5 (e) CONFIDENTIAL CD-ROM
AG-1-6	Filed Sept. 28	
AG-1-7	Filed October 1, 2004	
AG-1-8	Filed Sept. 28	
AG-1-9	Filed Sept. 28	Attachment AG-1-9
AG-1-10	Filed Sept. 28	Attachment AG-1-10
AG-1-11	Filed Sept. 28	Attachments AG-1-11(a) and (b), each CONFIDENTIAL CD-ROM
AG-1-12	Filed Sept. 28	Attachment AG-1-12
AG-1-13	Filed Sept. 28	Attachment AG-1-13
AG-1-14	Filed Sept. 28	Attachment AG-1-14 CONFIDENTIAL CD-ROM
AG-1-15	Filed Sept. 28	Attachments AG-1-15(a) and (b) each CONFIDENTIAL CD-ROM
AG-1-16	Filed Sept. 28	
AG-1-17	Filed Sept. 28	
AG-1-18	Filed Sept. 28	
AG-1-19	Filed Sept. 28	Attachment AG-1-19

Response	Status	Attachments
AG-1-20	Filed Sept. 28	Attachment AG-1-20
AG-1-21	Filed Sept. 28	
AG-1-22	Filed October 4, 2004	Attachment AG-1-22 CONFIDENTIAL CD-ROM
AG-1-23	Filed Sept. 28	
AG-1-24	Filed Sept. 28	
AG-1-25	Filed October 4, 2004	
AG-1-26	Filed October 4, 2004	Attachment AG-1-26 CONFIDENTIAL CD-ROM
AG-1-27	Filed October 4, 2004	
AG-1-28	Filed Sept. 28	
AG-1-29	Filed October 4, 2004	
AG-1-30	Filed October 4, 2004	Attachment AG-1-30 CONFIDENTIAL
AG-2-1	Filed October 4, 2004	Attachment AG 2-1 BULK
AG-2-2	Filed Sept. 28	
AG-2-3	Filed Sept. 28	
AG-2-4	Filed Sept. 28	
AG-2-5	Filed Sept. 28	Attachment AG-2-5 CONFIDENTIAL (CD-ROM)
AG-2-6	Filed October 1, 2004	
AG-2-7	Filed October 4	Attachments AG-2-7(A)and (B)
AG-2-8	Filed October 4	Attachments AG-2-8 (A), (B) and (C)
AG-2-9	Filed October 4	Attachments AG-2-9 (A) and (B)
AG-2-10	Filed October 4	Attachment AG-2-10
AG-3-1	Filed October 7	Attachments AG-3-1(a) through (j)
AG-3-2	Filed October 7	
	Filed October 7	Attachments AG-3-1 (a) and (b), each CONFIDENTIAL Attachment AG-3-3 (c)
AG-3-3		
AG-3-4	Filed October 7	

Information Request DTE-2-2

Refer to CONFIDENTIAL Attachment AG-1-14, worksheets "OSP 1" and "OSP2."
Please explain the derivation of the value in cell B4. Please provide electronic copies in Microsoft Excel format of any underlying data used to derive this value.

Response

Cell B4 in Attachment AG-1-14 (**CONFIDENTIAL CD-ROM**) worksheets OSP 1 and OSP 2 represents the most recent twelve-month, approximate average capacity factor for OSP unit 1 and OSP unit 2, respectively. Please refer to the responses to Information Request AG-1-13 and Information Request AG-1-20 for copies of the capacity factors for of both units since the inception of the contracts.

Information Request DTE-2-4

Refer to AG-1-4 and CONFIDENTIAL Attachments AG-1-11, and AG-14. Please calculate the percent change in fuel and energy prices that would result in zero savings, holding all other independent variables constant. Please provide electronic copies in Microsoft Excel format of the underlying data as well as the source name and date.

Response

CONFIDENTIAL ATTACHMENT

As shown in Attachment DTE-2-4 (**CONFIDENTIAL CD-ROM**), fuel and energy prices would have to increase by approximately 45.8 percent in order for the proposed transaction to result in zero savings. Please refer to Attachment AG-1-26 (**CONFIDENTIAL CD-ROM**) for the Henwood Northeast Electric and Gas Price Forecast.

Information Request DTE-2-5

Refer to CONFIDENTIAL Attachment AG-1-14, worksheet "Escalators." Please provide electronic copies in Microsoft Excel format of the underlying data as well as the source name and date.

Response

Please refer to Attachment AG-1-26 (**CONFIDENTIAL CD-ROM**) for a complete copy of the Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook. Please also refer to the response to Information Request AG-1-29 for the citations of each of the fuel and power prices in the *Escalators* worksheet shown in Attachment AG-1-14 (**CONFIDENTIAL CD-ROM**).

Information Request DTE-2-6

Refer to CONFIDENTIAL Attachment AG-1-14, worksheet "Escalators." Please explain the derivation of the value in cell E2. Please provide electronic copies in Microsoft Excel format of the underlying data.

Response

CONFIDENTIAL ATTACHMENT

Please refer to Attachment DTE-2-6(a) for a copy of the March 2004 Blue Chip Financial Forecasts. Please refer to section III, Part 4, *Consumer Price Index*, for years 2006 through 2015. The value in cell E2, 2.35%, represents the approximate average of the CPI increase for years 2006 through 2015. Please also refer to Attachment DTE-2-6(b) (**CONFIDENTIAL CD-ROM**) for a copy of the CPI forecast provided to NSTAR Electric by Global Insight.

Long-Range Consensus U.S. Economic Projections

II. For comparison, this table includes some of the long-range consensus projections found on the preceding page, plus the latest long-range projections from the Bush Administration¹ and the Congressional Budget Office (CBO)².

ECONOMIC VARIABLE		Percent Change, Full Year Over Prior Year						
		2006	2007	2008	2009	2010	2006-10	2011-15
1. Real GDP (chained, 2000 dollars)	CONSENSUS	3.4	3.2	3.1	3.1	3.2	3.2	3.1
	Bush Admin. ^{1,3}	3.4	3.3	3.2	3.1	na	3.3	na
	CBO ^{2,3}	3.2	2.7	2.8	2.8	2.6	2.8	2.5
	Annual Average							
2. GDP Chained Price Index	CONSENSUS	1.9	1.9	2.0	2.1	2.2	2.0	2.2
	Bush Admin. ^{1,3}	1.5	1.7	2.0	2.0	na	1.8	na
	CBO ^{2,3}	1.5	1.8	1.9	1.9	1.9	1.8	1.9
	Annual Average							
3. Nominal GDP (current dollars)	CONSENSUS	5.3	5.2	5.2	5.2	5.4	5.3	5.4
	Bush Admin. ^{1,3}	5.0	5.1	5.2	5.2	na	5.1	na
	CBO ^{2,3}	4.7	4.5	4.7	4.7	4.5	4.6	4.4
	Annual Average							
4. Consumer Price Index (for all urban consumers)	CONSENSUS	2.2	2.3	2.3	2.4	2.4	2.3	2.5
	Bush Admin. ^{1,3}	1.8	2.1	2.4	2.5	na	2.2	na
	CBO ^{2,3}	2.0	2.2	2.2	2.2	2.2	2.2	2.2
	Annual Average							
5. Treasury Bills, 3-Month (percent per annum)	CONSENSUS	3.4	3.7	3.9	4.1	4.3	3.9	4.3
	Bush Admin. ^{1,3}	3.3	4.0	4.3	4.4	na	4.0	na
	CBO ^{2,3}	4.0	4.6	4.6	4.6	4.6	4.5	4.6
	Annual Average							
6. Treasury Notes, 10-Year (yield per annum)	CONSENSUS	5.5	5.5	5.4	5.7	5.7	5.6	5.7
	Bush Admin. ^{1,3}	5.4	5.6	5.8	5.8	na	5.7	na
	CBO ^{2,3}	5.5	5.5	5.5	5.5	5.5	5.5	5.5
	Annual Average							
7. Unemployment Rate (% of civilian labor force)	CONSENSUS	5.2	5.2	5.2	5.2	5.2	5.2	5.1
	Bush Admin. ^{1,3}	5.2	5.1	5.1	5.1	na	5.1	na
	CBO ^{2,3}	5.0	5.1	5.2	5.2	5.2	5.1	5.2
	Annual Average							

III. In this table, we compare the results of our most recent survey with those of our survey in October 2003⁴.

ECONOMIC VARIABLE		Percent Change, Full Year Over Prior Year						
		2006	2007	2008	2009	2010	2006-10	2011-15
1. Real GDP (chained, 2000 dollars)	March Consensus	3.4	3.2	3.1	3.1	3.2	3.2	3.1
	October Consensus	3.2	3.1	3.2	3.2	na	na	na
2. GDP Chained Price Index	March Consensus	1.9	1.9	2.0	2.1	2.2	2.0	2.2
	October Consensus	1.9	1.9	2.0	2.0	na	na	na
3. Nominal GDP (current dollars)	March Consensus	5.3	5.2	5.2	5.2	5.4	5.3	5.4
	October Consensus	5.2	5.1	5.3	5.3	na	na	na
4. Consumer Price Index (for all urban consumers)	March Consensus	2.2	2.3	2.3	2.4	2.4	2.3	2.5
	October Consensus	2.3	2.4	2.4	2.4	na	na	na
5. Treasury Bills, 3-Month (percent per annum)	March Consensus	3.4	3.7	3.9	4.1	4.3	3.9	4.3
	October Consensus	3.7	3.9	4.1	4.1	na	na	na
6. Treasury Notes, 10-Year (yield per annum)	March Consensus	5.5	5.5	5.4	5.7	5.7	5.6	5.7
	October Consensus	5.5	5.6	5.6	5.6	na	na	na
7. Unemployment Rate (% of civilian labor force)	March Consensus	5.2	5.2	5.2	5.2	5.2	5.2	5.1
	October Consensus	5.4	5.3	5.3	5.2	na	na	na

¹Budget of the United States Government, Fiscal Year 2005; Office of Management and Budget, January, 2004. ²The Budget and Economic Outlook: Fiscal Years 2005-2014; Congressional Budget Office, January 2004. ³The Bush Administration's forecast only extends through 2009, so averages for the 2006-2010 period are based on the forecast for the four-year period 2006-2009. CBO's forecast only extends through 2014, so averages for the 2011-2015 period are based on the forecast for the four-year period 2011-2014. ⁴Blue Chip Economic Indicators, October 10, 2003.

Information Request DTE-2-7

Refer to CONFIDENTIAL Attachment AG-1-14, worksheets "OSP 1" and "OSP2." Please explain the derivation of the values in cell D13. Please provide electronic copies in Microsoft Excel format of any underlying data used.

Response (REVISED)

Cell D13 represents the ten year heat rate projection from Attachment AG-1-15 (a) **(CONFIDENTIAL CD-ROM)**, beginning in cell H250 S250, years 1997 through 2008 for both OSP unit 1 and OSP unit 2. Please refer to the Information Response AG-2-10, for the history of each unit's heat rate for each month of operation since the original start date. Cell D13 in OSP 1 also represents the average heat rate for the last 24 months as shown in Attachment AG-2-10. For OSP 2, the average historical heat rate for the last 24 months was 9,770. Given that OSP Unit 2 recent heat rates have been considerably lower than the 24 month average, CEA believed this heat rate was too high for forecasting purposes and took a conservative approach by utilizing the OSP 1 heat rate.

Information Request DTE-2-11

Refer to CONFIDENTIAL Attachment AG-1-14, worksheet "OSP 1." Please provide all workbooks referenced ("OSP Budget - Henwood Gas Price Update" and "2004 Budget OSP 1 REV").

Response

Please refer to the response to Information Request AG-1-15 including Attachments AG-15(a) (**CONFIDENTIAL CD-ROM**) - *OSP Budget – Henwood Gas Price Update*, Attachment AG-15(b) (**CONFIDENTIAL CD-ROM**), *2004 Budget OSP 1REV* and the response to Information Request AG-1-22 (**CONFIDENTIAL CD-ROM**), including Attachment AG-1-22, *2004 Budget OSP 2 REV*, for the files referenced in Attachment AG-1-14 (**CONFIDENTIAL CD-ROM**), worksheet OSP 1 and OSP 2.

Information Request DTE-2-17

Refer to CONFIDENTIAL AG-1-15(a) worksheets "OSP 1" and "OSP2." Please define and describe the "Availability Adjustment" and "Availability Bonus" and include cites to the Purchased Power contract, if applicable.

Response

The Boston Edison Availability Adjustment is included in worksheets "OSP 1" and "OSP 2" pursuant to Section 7.7 of the power agreement, and as defined in Appendix F to the agreement (Exhibit NSTAR-BEC-GOL-1). As specified in Appendix F, the availability adjustment is calculated as follows:

$$\frac{RAEAF - TAEAF}{100\%} \times \text{hours / month} \times 3,760 \times \frac{\text{Current Net Investment}}{\$163,500,000}$$

Where RAEAF = Rolling Average Equivalent Availability Factor and;
TAEAF = Target Average Equivalent Availability Factor (specified as 80%).

Information Request DTE-2-18

Refer to CONFIDENTIAL AG-1-15(a) worksheets "OSP 1," "OSP2," and "OSP 1 and OSP2." Please explain why a different inflation rate is used for these worksheets.

Response

OSP has confirmed that the assumed inflation rate utilized in Cell U34 in Attachment AG-15(a) (**CONFIDENTIALCD-ROM**), worksheets, "*OSP 1*, *OSP 2*, and *OSP 1 and OSP 2*, should be 3.6 percent. The assumed inflation rate used for "OSP 1" was a typographical error made by OSP. If the inflation rate that OSP generally uses were inserted in the model, savings would increase by over 1 percentage point.

Information Request DTE-2-23

Refer to CONFIDENTIAL AG-1-15(a) worksheet "OSP 1 and OSP2." Please explain the derivation of the value in cell U31. Please provide electronic copies in Microsoft Excel format of any data and analyses used to derive this value.

Response

On Attachment AG-1-15(a) (**CONFIDENTIAL CD-ROM**) worksheets "OSP1" and "OSP2", cell U31 refers to the "Filed Benchmark ROE", and there is no actual numerical value in that cell, but rather a textual note. The projected ROE for OSP 1 and OSP 2 that are utilized in the model for valuation purposes are shown in row 281 of those worksheets. As shown in row 281, the ROE utilized for modeling purposes under both contracts for 2005 through 2011 range from 9.11 percent to 9.21 percent. The actual benchmark ROE for each of the contracts is calculated pursuant to the formula set forth in the settlement agreement filed in FERC Docket Nos. ER00-1534, et. al. and dated June 29, 2000, and subsequently approved by the FERC ("ROE Settlement Agreement").

CEA evaluated the reasonableness of that forecast based on: (i) the actual benchmark ROE from recent invoices; and (ii) the ROE Settlement Agreement formula using an independent forecast of future utility bond yields. First, based on recent invoices for 2003 and 2004, the calculation of the benchmark ROE was consistent with the formula set forth in the ROE Settlement Agreement, and resulted in an annual ROE of 9.65 percent. As described above, the budgeted ROE in the models ranged from 9.11 percent to 9.21 percent in future years, which are less than the existing 9.65 percent ROE used for invoicing purposes. Second, the ROE Settlement Agreement formula for calculating the benchmark ROE is defined as: 3.627 percent plus the product of 0.84 times and the average of the past six months of the published Moody's utility bond yields for 'A' rated utilities. Since a forecast of the bond yields was needed and Moody's does not publish forecasted yields, CEA utilized Blue Chip Financial Forecasts' "Long-Range Consensus U.S. Economic Projections" of the 10-year Treasury Notes plus the long-term spread for A-rated utilities published by Reuters as a proxy for the forecast of future utility bond yields. Pursuant to the ROE Settlement Agreement formula, the projected benchmark ROE calculation resulted in the following: $3.627 \text{ percent} + [0.84 * (5.6 \text{ percent} + 0.86 \text{ percent})] = 9.05 \text{ percent}$.

Therefore, since the budgeted benchmark ROE figures, i.e., 9.11 percent to 9.21 percent, were lower than the current benchmark ROE and within 5 to 16 basis points of the

NSTAR Electric
Department of Telecommunications and Energy
D.T.E. 04-68
Information Request: **DTE-2-23**
October 8, 2004
Person Responsible: Robert B. Hevert
Page 2 of 2

projected ROE using the Blue Chip/Reuters projections, CEA did not adjust the ROE projections.

Information Request DTE-2-24

Please explain whether any of the corrections (erratas) made to the initial filing in D.T.E. 04-60 affect the customer savings analyses filed in D.T.E. 04-68. If yes, (1) please describe each correction and explain how it affects the savings analyses in this proceeding, and (2) provide corrected copies of the exhibits.

Response

The corrections made to the initial filing in D.T.E. 04-60 affected Cambridge Electric, only. Therefore, the corrections had no effect on the customer savings analyses filed in D.T.E. 04-68.¹

¹

However, after the initial filing, it was determined that the OSP II above-market number in Exhibit NSTAR-BEC-GOL-3 page 8 was incorrectly calculated with a termination date of Sept. 30th instead of the actual Sept. 15th contract termination date. This has a minor impact on savings of \$0.4 million in 2011 and an overall NPV decrease of \$0.3 million.

Information Request DTE-2-25

Have any disputes emerged regarding the choice of the OSP contract auction winner?
If so, please describe the nature of such dispute(s), and the status of any dispute(s).

Response

No disputes emerged regarding the choice of the OSP contract auction winner.

Information Request DTE-2-28

What is the source of the Louisiana Natural Gas Spot prices used in the Company's responses to AG-1-4 and CONFIDENTIAL Attachments AG-1-11, and AG-1-14?

Response

Please refer to Attachment AG-1-26 (**CONFIDENTIAL CD-ROM**) for a complete copy of the Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook. The Louisiana Natural Gas Spot prices may be found in the file, *Northeast Short Term Forecast Appendix _ May 2004*, in the worksheet *Gas Prices*, beginning with cell C7. These gas prices may be found in Attachment AG-1-14 (**CONFIDENTIAL CD-ROM**), on worksheet, *Escalators*, in cell R29. The Louisiana Natural Gas Spot prices referred to above are escalated by 2.35 percent annually beginning in cell S29.

For the 2007 through 2011 Louisiana Natural Gas Spot prices, please refer to the file named *Fall 2003 Northeast Monthly Natural Gas Price*, worksheet, *HH*, beginning with cell P11. These gas prices may be found in Attachment AG-1-14, on worksheet, *Escalators*, in cell R61. The gas prices referred to above are escalated by 2.35 percent annually beginning in cell S61.

Please also refer to the response to Information Request AG-1-29.

Information Request DTE-2-29

Refer to the Company's response to AG-1-4, answer 18. Please explain in detail, using numerical examples, how SMD "caused a major shift" in "pricing strategies." When did this pricing shift initially occur? Please explain the timeline of the "major shift."

Response

The implementation of Standard Market Design ("SMD") in 2003 introduced the scheduling and dispatch of generation resources in both a Day-Ahead Energy Market and a Real-Time Energy Market based on price and operating characteristics, as offered by Participants, using a least cost security-constrained unit to meet all NEPOOL energy requirements, as well as control Area and transmission security requirements. Price offers as a result of SMD were no longer constrained to a generator's variable costs, which in turn resulted in the introduction of a myriad of new offer pricing strategies by Participants. The market-induced shift in Participant's pricing strategies cannot be numerically quantified, however, the market impact of these shifts clearly resulted in a change of resource commitment and dispatch under SMD.

Reference can be made to NEPOOL Manual for Market Operations (Manual M-11) and Market Rule 1 – NEPOOL Standard Market Design (MR-1). Manual M-11 Sections 1: Overview of Market Operations; 2: NEPOOL Energy Market; 3: NEPOOL Regulation Market; and 5: Scheduling and Dispatch Philosophy & Tools detail the characteristics and philosophy that support the new offer pricing strategies in the SMD environment. In addition, Section 1.7.6, Scheduling and Dispatching and 1.7.7, Energy Pricing, of MR-1 also provide details of least cost, security-constrained dispatch and energy pricing based on location.

Information Request DTE-2-30

Refer to AG-1-4, answer 18. Please explain the "arbitration decision last year" that affected the OSP contracts. What was the nature of the arbitration and how did it affect the OSP contracts? Why did "pricing increased costs significantly in December 2002"?

Response

The "arbitration decision last year" was the result of an arbitration proceeding between ProGas and OSP I and II for the two Gas Purchase Contracts. The outcome of the arbitration was that both parties accepted a change in the pricing formula as follows:

Price = ((Algonquin Citygate Index + Tennessee Zone 6 Delivered Index)/2) – Transport from Niagara

This pricing formula was the arbitration panel's award, and the Gas Contracts were modified accordingly effective December 1, 2002. This pricing change increased costs starting in December 2002.